

# *Energy Poverty in the EU: Why Do We Care, and How Must We Act?*

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The EU's promise of a just and inclusive transition risks becoming an empty pledge unless we decisively tackle energy poverty. The stakes are enormous: exacerbated by climate change, failure to act will perpetuate inequalities, condemn millions to further hardship, and undermine the social fabric of our communities.

In a Europe that aspires to lead the world in sustainability and equity agendas, how do we ensure our most vulnerable citizens are not left behind—whether in the cold or sweltering heat?

Energy poverty is more than an inability to afford heating or cooling. It cuts to the core of human dignity, affecting physical health, well-being, and social inclusion. It begins at home but stems from systemic inefficiencies and injustices that make daily life a struggle for many. The consequences extend beyond the often-cited “heating or eating” dilemma. Pushed by researchers and NGOs, as policymakers are starting to see<sup>1</sup>, the question is no longer “How do we alleviate the symptoms?” but “How do we address the structural factors perpetuating energy poverty?”

Indeed, climate warming urges us to rethink: instead of focusing on immediate fixes, acting as simple blankets in winter, we need systemic improvements that make homes livable year-round. With climate change accelerating, energy poverty has become a multi-seasonal crisis, requiring urgent, coherent, and comprehensive action from policymakers, businesses, and citizens alike.

## The Scope of the Problem

The pandemic, the war in Ukraine, and the subsequent energy price spikes have moved energy poverty high on the EU's political agenda. The rates jumped 35% from 2021 to 2022 as the cost-of-living crisis pushed even more households to the brink. The figures are staggering: 42 million Europeans—about 10% of the EU population — couldn't properly heat their homes in 2022.

A definition was long overdue. In Article 2 of the 2023 Energy Efficiency Directive, the EU formally recognised the unique nature of energy poverty, defining it as “a household's lack of access to essential energy services necessary for a basic standard of living and health, including adequate heating, hot water, cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies, caused by a combination of factors, including but not limited to non-affordability, insufficient disposable income, high energy expenditure and poor energy efficiency of homes.”

But behind figures and definitions lie real lives constrained by impossible choices: people cutting back on food to keep warm or cool or suffering from deteriorating health because of unfit living conditions.

## What does energy poverty look like?

Energy poverty has long been defined by indicators focused on high expenditures, low income, and poor home energy efficiency. In short, it is about a low-income person living in a leaky ‘thermal sieve’ that is impossible to fix.

But these signs—these ‘indicators’—are only part of the problem. Energy poverty becomes highly perceptible when bills become impossible to pay, debts pile up, mould—and coughs—set in, showers get shorter, and dining in your coat becomes ‘normal’. How many families deprive themselves of modern comforts just to keep paying their bills and keep access to television or a telephone in the house? Energy poverty can be very hidden, showing only because children can't keep up at school after sleeping on an empty stomach in a poorly heated bedroom and waking up too early to walk to school because even the bus is not an option.

Less visible consequences are the toll on mental health and social isolation. Families unable to afford air conditioning in the summer or heat in the winter are unlikely to invite guests or engage in social activities. This isolation, combined with physical hardship, often remains overlooked in policy discussions that tend to focus primarily on affordability issues.

Besides, while winter energy poverty is widely recognised, climate change is adding a new dimension: summer energy poverty. Extreme heatwaves are now a regular occurrence, pushing homes beyond their limits. For vulnerable populations, such as the elderly, children, or those with pre-existing conditions, poorly insulated homes become death traps. Eurostat data revealed that up to 19% of EU households have not been comfortably cool in summer over the past years. In Europe only, heat is claiming more than 175,000 lives annually.<sup>2</sup>

Italy provides a stark illustration. In 2021, 2.2 million Italian households faced both winter and summer energy poverty. Poor insulation, outdated heating and cooling systems, and skyrocketing energy costs are leaving families making impossible choices: remain uncomfortable or incur crippling energy bills.<sup>3</sup>

## Why do we care?

It gets clearer by the day that energy poverty and climate vulnerability are tightly linked. Those least able to afford rising energy costs are also the most exposed to climate impacts. These individuals have limited access to renewable energy technologies and are disproportionately exposed to environmental hazards. Addressing energy poverty is not just about affordability; it's about ensuring health, dignity, and resilience in the face of a warming planet.

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Ironically, the poorest households often live the most sustainable lifestyles due to financial necessity. Their carbon footprints are much smaller than those of wealthier populations, yet they suffer most from the environmental degradation and higher costs associated with green policies. Low-income households already consume less energy due to financial constraints, demonstrating inherent sufficiency. They often cannot afford energy-efficient solutions, trapping them in a cycle of high energy costs and poor living conditions.<sup>4</sup> They may face an “ecological paradox”, as green policies that focus on individual responsibility can unintentionally burden the very people least able to adapt.

Addressing energy poverty is fundamental to achieving the European Green Deal’s goals. This cornerstone policy aims to make the EU climate-neutral by 2050, but its success hinges on fairness and inclusivity. If those most affected by the energy transition—low-income households—see their burdens increase without adequate support, there will be social resistance, which could slow or derail progress.

### How must we act?

Tackling energy poverty requires bold, long-term solutions that go beyond short-term support. While EU policymakers have made strides with legislative measures like the Fit for 55 packages, these must be implemented swiftly and coherently. Here’s a closer look at what must be done:

#### 1. Treat energy poverty as the emergency it is

Member states have been rolling out subsidies and bonuses in response to energy poverty. Still, these efforts are like offering hot tea to someone with a cold: they provide temporary comfort yet fail to address the underlying problem.

Subsidies during crises are necessary, but they are not enough. Emergency measures, like those implemented following the energy price spikes of 2022, provided critical but temporary relief.<sup>5</sup> The next phase must be long-term resilience. This requires redesigning subsidy programs to offset bills and provide access to energy efficiency improvements and renewable energy. Doing so can transform short-term support into structural changes that reduce households’ vulnerability to future price shocks.

The Energy Performance of Buildings Directive (EPBD)<sup>6</sup> and the Social Climate Fund<sup>7</sup> both emphasise this shift. These measures must now be translated into action focusing on sustainable solutions—from home renovations to clean energy access. The goal is not just to patch over the crisis but to ensure that households are no longer at the mercy of volatile energy markets.

#### 2. Think Long-Term

While immediate financial support is essential during crises, it must be coupled with investments in long-term structural solutions. This includes upgrading home insulation, replacing outdated heating systems, and expanding access to renewable energy. By improving home energy efficiency and reducing dependence on fossil fuels, we can help households break free from the cycle of energy poverty.

The recent Energy Efficiency Directive (EED)<sup>8</sup> and Energy Performance of Buildings Directive (EPBD) provide a crucial framework for shifting from temporary fixes to enduring solutions, prioritising the most at-risk.

Public funds must be redirected to the households most vulnerable to energy poverty. These households often lack the means to invest in energy efficiency measures despite bearing the brunt of high energy costs and living in poorly insulated homes. The EED explicitly requires Member States to prioritise vulnerable and energy-poor households using public funds and financial incentives to address this. The Directive also calls for national energy efficiency funds to be set up or strengthened, ensuring that subsidies and grants reach the most needy households.

The EU’s Renovation Wave<sup>9</sup>, launched under the EPBD, pushes Member States to increase renovation rates, particularly focusing on older and less efficient buildings, many of which house low-income families. By tying renovation programs to energy poverty alleviation, Member States are now required to ensure that financial incentives are designed to cover upfront costs for these households, making renovations more accessible. This is crucial as many lower-income households are unable to pay for such improvements without external financial support.<sup>10</sup>

A significant portion of the EU’s efforts is directed at social housing projects. Under the EPBD, Member States are required to prioritise energy renovations in social housing, where vulnerable households often live. The goal is to make social housing more energy-efficient and more affordable and resilient to future energy price shocks. This policy is central to achieving housing cost neutrality, where the energy savings from renovations offset any potential rent increases.

In tandem with these efforts, the EU’s Emissions Trading System (ETS2)<sup>11</sup> for buildings introduces carbon pricing, incentivising the shift to cleaner energy. To prevent this from disproportionately burdening the most vulnerable, the Social Climate Fund and other ETS2 safeguards provide compensation mechanisms to offset rising costs for low-income households. The aim is to reduce carbon emissions and ensure the energy transition is socially just.

The energy transition must be led by the communities it aims to serve. Policies that promote energy democracy—giving households more control over their energy use—are critical. The EU has introduced reforms to encourage local energy generation and renewable energy sharing. For instance, individuals and communities can now produce and share solar energy locally, reducing energy costs and empowering communities to participate in the transition.

Energy communities and prosumerism (when consumers also produce energy) represent a fundamental shift towards a more democratic and resilient energy system. The EED supports these initiatives by calling for one-stop shops that offer advice and assistance, ensuring that low-income households and those at risk of energy poverty can easily access these opportunities. These services also provide holistic support by addressing related issues such as energy debt and access to affordable energy tariffs.

Additionally, national strategies to combat energy poverty, as mandated by the Governance Regulation,<sup>12</sup> must include clear action plans that engage stakeholders and

protect vulnerable households from disconnection or energy market volatility. Policymakers must ensure that consumer protections are solid and financial incentives truly reach those most in need.

### 3. Act Coherently: Go Fast, Go Bold, Go Smart

Energy poverty cannot be addressed piecemeal. Recent EU legislation provides a robust framework, but its success depends on treating energy poverty measures as a well-funded coordinated package implemented strategically at national and local levels. The challenge is not simply to enact individual directives but to integrate them into a cohesive approach that links environmental goals with social equity.

One critical principle is the integration of social and ecological goals. Environmental policies designed to reduce carbon emissions must simultaneously address the inequalities they risk exacerbating. For example, energy efficiency measures aimed at decarbonising heating and cooling systems should prioritise low-income households, who are often least able to afford the transition but are most affected by poor housing conditions.

Coherent implementation is key. Measures to alleviate energy poverty, whether through energy efficiency programs, subsidies, or renewable energy access, must be connected across sectors—housing, health, and social welfare—and implemented holistically. National and local governments must work together to ensure these protections reach those who need them most while ensuring representation from affected communities in decision-making processes.

If a household is in energy debt, it should be referred to subsidy programs for energy efficiency upgrades. This ensures the family can prevent unmanageable bills in the future, breaking the cycle of energy poverty. The EU's Energy Efficiency Directive already calls for comprehensive action, including energy efficiency improvements and financial support. Still, success lies in ensuring these efforts are linked to social safeguards and practical assistance, such as one-stop shops or trusted partners that provide tailored advice. Barcelona's Punt d'Assessorament Energetic does exactly this: people come asking about their bills, they leave with dedicated accompaniment and practical, empowering tips.<sup>13</sup>

Cross-sectoral collaboration is essential. Energy poverty intersects with housing, health, and welfare, requiring a coordinated response that brings together policymakers, local governments, and civil society. Initiatives such as national energy poverty observatories, like France's ONPE<sup>14</sup>, play a crucial role in establishing indicators, monitoring progress, conducting research, and ensuring policies are tailored to regional and local realities.

Vulnerable groups often use their rights less due to a lack of time or information, so understanding "hidden" energy poverty patterns requires expert networks<sup>15</sup>. For example, these networks can help local authorities navigate the complexities of the EPBD, which requires energy-efficient renovations and safeguards against evictions or rent hikes for vulnerable tenants.<sup>16</sup> Financial incentives for landlords must also benefit tenants, ensuring that housing remains affordable after energy renovations.

A good example is the Réseau Eco-Habitat in France,<sup>17</sup> which provides tailor-made renovation works to energy-poor homeowners. Throughout the process, they receive dedicated support from a Caritas volunteer while specialists work on financial and technical details. This helps overcome the main challenge: convincing families.

Decarbonising heating systems is another key focus of the EU's climate agenda. Moving away from reliance on fossil fuels for heating is essential to reducing energy bills and meeting climate goals. However, this transition must be inclusive and accessible, with support tailored to the needs of the most vulnerable populations. For instance, the digitalisation of energy systems must be aligned with accessibility measures to ensure no one is left behind.<sup>18</sup>

Lastly, we must ensure energy tariffs are designed in ways that are ecologically and socially sound. Households should not be penalised for the structural and financial barriers they face in accessing cleaner energy. This requires reforms that link subsidies, energy efficiency improvements, and demand-side flexibility with practical support to address related challenges such as debt, consumer and tenancy rights, and access to fair billing systems.

By acting coherently, with urgency and precision, the EU can turn its legislative frameworks into practical tools that tackle energy poverty in all its dimensions—economic, social, and environmental. The vision is to reduce bills, improve efficiency, and create a fair, inclusive energy system that leaves no one behind.

### 4. Go Beyond the Low-Hanging Fruit

However, to tackle energy poverty effectively, we must rethink the systems that sustain it. Too often, the discussion centres around cost reflectivity—the idea that individuals should pay proportionately to the strain they place on the system. But this logic is flawed. People don't cost the system; the system is built for people. It's a construct that can—and should—be redesigned to serve everyone, not just those who can afford it.

Energy poverty isn't a personal failure, nor is it about individual choices. It's the result of a system designed with winners and losers in mind. We've normalised a structure where the most vulnerable pay the highest price, even though they often have the least ability to control their energy consumption or adapt to rising costs. We must move away from the idea that those who use energy "inefficiently" are somehow at fault. Instead, we should focus on redesigning the system to support equitable access to energy for all.

This shift requires us to move beyond treating energy poverty as simply a matter of affordability and instead see it for what it is—energy insecurity. Energy insecurity doesn't just blame individuals; it reflects how systems fail to provide adequate and affordable access to energy services. Framing the issue this way opens up new possibilities for systemic change, making it less about individual shortcomings and more about redesigning an infrastructure that works for everyone.

We must also recognise the intersectional nature of energy poverty. Marginalised communities—particularly racial and ethnic minorities—face disproportionate challenges in accessing affordable energy. In the US, these issues

are at the forefront of discussions on energy justice,<sup>19</sup> but Europe still lags in addressing the racial and social dimensions of this crisis. Tackling energy poverty means recognising these deeper inequalities and ensuring that the transition to clean energy doesn't exacerbate them. This is not just about reducing bills; it's about fundamentally realigning energy, climate, and digitalisation goals with principles of fairness and justice.

The energy transition must benefit everyone, especially those who have historically been left behind. Policies focused on individual responsibility—like asking people to pay for what they supposedly “cost the system”—are inherently regressive. The path forward requires a collective approach, where the system adapts to human needs rather than forcing humans to bear the system's burdens.

## Conclusion

Tackling energy poverty isn't just about reducing bills; it's about ensuring access to the energy services necessary for a decent quality of life. The EU's legislative toolkit is comprehensive, but its success will depend on how well it's implemented.

We must ask ourselves what kind of Europe we want to build. Is it one where the green transition benefits everyone or one where the most vulnerable bear the brunt of change? The choices we make today will define the legacy of our generation.

The tools, knowledge, and responsibility to eradicate energy poverty exist. We need the political will to ensure no one is left behind. By embedding energy justice into our climate and energy policies, we can create a greener, fairer, and more resilient Europe for all.

## Footnotes

<sup>1</sup> See for instance the Draghi report on EU Competitiveness, 2024: [https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead\\_en](https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead_en)

<sup>2</sup> Cooltorise Horizon 2020 project <https://cordis.europa.eu/project/id/101032823/reporting> and World Health Organisation <https://www.who.int/europe/news/item/01-08-2024-statement--heat-claims-more-than-175-000-lives-annually-in-the-who-european-region--with-numbers-set-to-soar>

<sup>3</sup> [https://www.ansa.it/sito/notizie/economia/2024/02/27/in-italia-22-milioni-di-famiglie-in-poverta-energetica\\_c250d510-2593-4e68-ad61-e0245b7c10ee.html#:~:text=Nel%202022%20è%20aumentata%20la,7%2C7%20%25%20del%20totale.](https://www.ansa.it/sito/notizie/economia/2024/02/27/in-italia-22-milioni-di-famiglie-in-poverta-energetica_c250d510-2593-4e68-ad61-e0245b7c10ee.html#:~:text=Nel%202022%20è%20aumentata%20la,7%2C7%20%25%20del%20totale.)

<sup>4</sup> Rapport « Faire de la transition écologique un levier de l'inclusion sociale”, Ministère du Travail, de la Santé et de la Solidarité, 2024: <https://solidarites.gouv.fr/publication-du-rapport-faire-de-la-transition-ecologique-un-levier-de-linclusion-sociale>

<sup>5</sup> “National fiscal policy responses to the energy crisis”. Bruegel, Sgaravatti, G., Tagliapietra, S., Trasi, C. and Zachmann, G., 2023:

<https://www.bruegel.org/dataset/national-policies-shield-consumers-rising-energy-prices>

<sup>6</sup> [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>7</sup> [https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/social-climate-fund\\_en](https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/social-climate-fund_en)

<sup>8</sup> [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-directive_en)

<sup>9</sup> [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/renovation-wave\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/renovation-wave_en)

<sup>10</sup> See also: “New action on energy poverty: Implementing the new EU provisions”, RAP. Sunderland, L., 2024 <https://www.raponline.org/knowledge-center/new-action-on-energy-poverty-implementing-the-new-eu-provisions/>

<sup>11</sup> [https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors\\_en](https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors_en)

<sup>12</sup> [https://climate.ec.europa.eu/eu-action/climate-strategies-targets/governance-energy-union-and-climate-action\\_en](https://climate.ec.europa.eu/eu-action/climate-strategies-targets/governance-energy-union-and-climate-action_en)

<sup>13</sup> <https://www.habitatge.barcelona.ca/serveis-ajuts/drets-energetics/els-punts-dassessorament-energetic>

<sup>14</sup> <https://onpe.org>

<sup>15</sup> “The Social and Local Dimensions of Governance of Energy Poverty: Adaptive Responses to State Remoteness”, Creutzfeldt, N., Gill, C., McPherson, R. and Cornelis, M., Journal of Consumer Policy, 2020, SSRN: <https://ssrn.com/abstract=3518384> or <http://dx.doi.org/10.2139/ssrn.3518384>

<sup>16</sup> On reviction induced by renovation, check “How to avoid a renovation wave?” Cornelis, M. FEANTSA, 2022 [https://www.feantsa.org/public/user/Resources/reports/2022/1\\_How\\_to\\_avoid\\_a\\_Renovation\\_wave.pdf](https://www.feantsa.org/public/user/Resources/reports/2022/1_How_to_avoid_a_Renovation_wave.pdf)

<sup>17</sup> <https://www.reseau-ecohabitat.fr>

<sup>18</sup> See for instance “Energy Digitalisation: Balancing Opportunities and Risks for European Consumers”, EESC, 2024 <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/energy-digitalisation-balancing-opportunities-and-risks-european-consumers>

<sup>19</sup> “Utility Policies and Practices to Alleviate US Energy Insecurity”. Columbia Center on Energy policy. Krasniqi, O., Shastry, V. Peek, A., 2024: <https://www.energypolicy.columbia.edu/publications/utility-policies-and-practices-to-alleviate-us-energy-insecurity/>